''inch,'' as a measure of length, can be changed. It is a gross misrepresentation to equate our irredeemable paper-ticket or electronic money to ''dollars.''

However, during the 20th century, the legal tender power enabled politicians to fool the public into believing the dollar no longer meant a unit redeemable in silver or gold. Instead, the government told the people that dollar now meant a piece of government-issued paper backed up by nothing except the promises of the government to maintain a stable value of currency. Of course, history shows that the word of the government to protect the value of the dollar is literally not worth the paper it is printed on.

Tragically, the Supreme Court has failed to protect the American people from unconstitutional legal tender laws. Salmon Chase, who served as Secretary of the Treasury in President Lincoln's administration, when he was Chief Justice of the Supreme Court, dissenting in Knox vs. Lee, summed up the argument against legal tender laws in twelve words: ''The legal tender quality [of money] is only valuable for the purposes of *dishonesty*.'' [Emphasis added.]

Another prescient Justice was Stephen Field, the only Justice to dissent in every legal tender case to come before the Court. Justice Field accurately described the dangers to our constitutional republic posed by legal tender laws: ''The arguments in favor of the constitutionality of legal tender paper currency tend directly to break down the barriers which separate a government of limited powers from a government resting in the unrestrained will of Congress. Those limitations must be preserved, or our government will inevitably drift from the system established by our Fathers into a vast, centralized, and consolidated government.'' A government with unrestrained powers is properly characterized as a tyranny.

Repeal of legal tender laws will help restore constitutional government and protect the people's right to a medium of exchange chosen by the market, thereby protecting their current purchasing power as well as their pensions, savings, and other promises of future payment. Because honest money serves the needs of ordinary people, instead of fiat irredeemable paper-ticket electronic money that improperly transfers the wealth of society to a small specially privileged financial elite along with other special interests, I urge my colleagues to cosponsor the Honest Money Act.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2004 AND 2005

SPEECH OF

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 15, 2003

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1950) to authorize appropriations for the Department of State for the fiscal years 2004 and 2005, to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2004 and 2005, and for other purposes:

Mr. HERGER. Mr. Chairman, concerning Rollcall Vote 108–364, On Agreeing to the Amendment of Representative RON PAUL of Texas to H.R. 1950, the Foreign Relations Authorization Act of 2003: Although I was correctly recorded as voting against the passage of this amendment, which eventually failed by an overwhelming vote of 74 to 350, I would like the CONGRESSIONAL RECORD to reflect that my ''No'' vote was in error, and I would have liked to have voted ''Aye'' on this provision.

Specifically, Representative PAUL's amendment would have prohibited funds authorized under H.R. 1950 to be used to pay any U.S. contribution to the United Nations or any affiliated agency of the United Nations. Like many, I firmly believe evidence of the need for a dramatic reevaluation of current U.N. policy is glaring. Over the years, the United States has been a host nation to the U.N., headquartered in New York City, and has contributed greatly to the funding for the organization, including the enormous cost to the American taxpayer of deploying our military on the numerous U.N. peacekeeping missions worldwide, amounting to roughly one-quarter of the peacekeeping expenses of the 191-member body. However, recent events surrounding the ousting of Saddam Hussein's tyrannical regime in Iraq, and the inability of the U.N. to enforce its own Security Council resolutions, has renewed questions of the legitimacy of this body, as well as the necessity and level of U.S. participation in its funding and daily activities.

I would also like to note that I have cosponsored a number of pieces of legislation in the House of Representatives, which, I believe, address these questions more thoroughly. While I do not object to the U.N.'s founding objectives of peace through positive discussions and diplomacy, the organization has clearly failed in this charter mission. As it currently exists, the United Nations merely provides a weighted platform to non-democratic and anti-American nations. Perhaps a more constructive and strategically important avenue would be to pursue an entirely new federation of nations, limiting voting membership to democratic countries that share our values and goals.

For these reasons, I have cosponsored H.R. 1146, introduced by Representative RON PAUL (R–TX), which calls on the U.S. to withdraw from the United Nations entirely. I have also cosponsored two related bills, which would impact our involvement in the U.N. in lesser ways. H.R. 800 would provide for the withholding of United States contributions to any U.N. commission, organization, or affiliated agency that is chaired or presided over by a country that has repeatedly provided support for acts of international terrorism. H. Con. Res. 116 takes this bill a step further, issuing a sense of Congress that the United States should withhold all payments to the U.N. until its bylaws are amended to prevent countries whose leaders are not democratically elected from holding a position of authority within the U.N.

MEDICARE ADVISORY COMMISSION

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Mr. DEUTSCH. Mr. Speaker, I rise today to submit into the RECORD a letter from the Medicare Payment Advisory Commission, MEDPAC, to the Administrator of the Centers for Medicare and Medicaid Services Administrator regarding CMS's proposed rule entitled Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for FY 2004; Proposed Rule, 68 Fed. Reg. 26786 (May 16, 2003). This letter calls upon CMS to construct a fair rule that allows Medicare beneficiaries to receive appropriate rehabilitation services. To achieve this goal, in effect, MEDPAC recommends a revision to the ten diagnoses—conceived twenty years ago in 1983—in an effort to better characterize today's patient population.

Based on my concern for the critical need of my constituents in Florida to continue to have access to inpatient rehabilitation facilities, I rise to express my support for MEDPAC's recommendation and feel that a modernization of the ''75 percent rule'' to include 20 of the 21 rehabilitation inpatient categories, all except miscellaneous, is necessary.

Under CMS's proposed rule, 86 percent of Intensive Rehabilitation Facilities would be exclude from reimbursement. If promulgated, this rule would place an increased burden on acute care hospitals. Patients with serious conditions such as stroke, brain injury, hip fracture, as well as those individual recovering from cardiac surgery, oncology surgery and severe pulmonary conditions could potentially be denied access to critically needed rehabilitative care. It is my sincere hope that CMS will take into account MEDPAC's recent recommendations on this matter.

MEDICARE PAYMENT ADVISORY COMMISISON

Washington, DC, July 7, 2003.

Re: File code CMS–1474–P

THOMAS SCULLY, *Administrator, Centers for Medicare & Medicaid Services Department of Health and Human Services, Hubert H. Humphrey Building, Washington, DC.*

DEAR MR. SCULLY: The Medicare Payment Advisory Commission (MedPAC) welcomes the opportunity to comment on the Centers for Medicare & Medicaid Services (CMS) proposed rule entitled Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for FY 2004; Proposed Rule, 68 Fed. Reg. 26786 (May 16, 2003). We appreciate your staff's careful work on this prospective payment system, particularly considering the competing demands on the agency.

Inpatient rehabilitation facilities (IRFs) are one of several settings that provide Medicare patients with rehabilitation services. Medicare also covers rehabilitation services in skilled nursing facilities, long-term care hospitals, at home from home health agencies, and on an outpatient basis (e.g., from a hospital outpatient department). Medicare generally varies its payments based on the setting and type of services.

CMS's criteria to distinguish IRFs from acute care hospitals and other settings for payment purposes require IRFs to:

Have provider agreements to participate in Medicare as a hospital.

Determine whether patients are likely to benefit significantly from intensive inpatient hospital programs or assessments by preadmission screening.

Ensure that patients receive close medical supervision and furnish rehabilitation nursing, physical therapy, occupational therapy, speech therapy, social or psychological services, and orthotic and prosthetic services.

Have full-time medical directors experienced in medical management of inpatients requiring rehabilitation.

Use physicians to establish, review and revise the plan of care for each IRF patient.

Use coordinated multidisciplinary team approaches in the rehabilitation of each inpatient.

Have 75 percent of their cases in 10 diagnoses—stroke, spinal cord injury, congenital deformity, amputation, major multiple trauma, fracture of femur (hip fracture), brain injury, and polyarthritis, including rheumatoid arthritis, neurological disorders, and burns.

Further, in order to be eligible for IRF care, patients must be able to sustain three hours of therapy a day.

Only one of the IRF standards is under debate: the rule requiring IRFs to have 75 percent of their cases in 10 diagnoses (the ''75 percent rule''). Many have argued that the 10 diagnoses no longer represent a clinically appropriate standard for defining IRF services. The issue of variation in patient need within diagnoses has always existed. Finally, an estimated 87 percent of IRFs are currently out of compliance with the rule.

We recognize the need to distinguish IRFs from other Medicare providers in order to pay appropriately for their services. As you know, IRFs are paid more than acute hospitals. Given the current state of clinical evidence and patient classification systems, the dilemma is how to construct a fair rule that allows Medicare beneficiaries to receive appropriate rehabilitation services and avoids undesirable financial incentives to expand the types of patients in IRFs beyond what is clinically necessary. On the one hand, an unchanging list of 10 diagnoses to characterize an appropriate patient population for the IRF setting is a blunt instrument. Medical practice may have changed since 1983, when the 10 diagnoses were first included in the 75 percent rule. On the other hand, using instead the 20 diagnoses in the IRF-prospective payment system (PPS) reflects IRFs' past admitting practice but does not necessarily identify a clinically appropriate population.

In the short term, the Secretary has few other options but to enforce the 75 percent rule consistently; the issue is which diagnoses should go into the calculation. One short-term strategy that the Secretary could pursue is to lower the percentage of cases (required to be from 10 diagnoses) in the current 75 percent rule to 50 percent for some period of time, not to exceed one year. According to CMS's analysis, most IRFs could meet this standard. During that period of time, the Secretary could consult with an expert panel of clinicians to reach a consensus on the diagnoses to be included in the 75 percent rule as well as the appropriate clinical criteria for patients within the respective diagnoses. It is most imperative that the panel resolve the joint replacement issue because a large and growing proportion of IRF patients likely fall into this category. If the Secretary can complete this consultation prior to the October 1, 2003 proposed implementation date, it may be unnecessary to lower the 75 percent to 50 percent.

Over the long run, the Secretary also may want to periodically revisit the list of diagnoses and clinical criteria for rehabilitation patients. The expectation would be to move away from simple diagnosis-based criteria to patient-based criteria. Consistent with that objective, MedPAC is interested in linking payment to high-quality outcomes, as evidenced by our recommendation in the June 2003 Report to the Congress. In that report, we find that IRFs are particularly suited to linking payment for quality because the patient assessment instrument is standardized, credible, and data are routinely collected; also a risk-adjustment mechanism is built into the PPS. In the future, the IRF payments could be based on the patient-specific criteria and linked to outcomes. This also could be part of the criteria CMS could use to decide whether a facility would be designated as an IRF, potentially eliminating the need for criteria such as the 75 percent rule, although practically we see the need for such rules in the short term.

We look forward to offering any assistance we can to CMS in these endeavors.

Sincerely,

GLENN M. HACKBARTH, J.D.,
Chair.

ABOLISHING THE FEDERAL RESERVE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Mr. PAUL. Mr. Speaker, I rise to introduce legislation to restore financial stability to America's economy by abolishing the Federal Reserve. I also ask unanimous consent to insert the attached article ''The Greatest Theft in History'' by Professor Murray Sabrin, into the RECORD. Professor Sabrin provides an excellent summary of how the Federal Reserve is responsible for the nation's current economic difficulties.

Since the creation of the Federal Reserve, middle and working-class Americans have been victimized by a boom-and-bust monetary policy. In addition, most Americans have suffered a steadily eroding purchasing power because of the Federal Reserve's inflationary policies. This represents a real, if hidden, tax imposed on the American people.

From the Great Depression, to the stagflation of the seventies, to the burst of the dotcom bubble, every economic downturn suffered by the country over the last 80 years can be traced to Federal Reserve policy. The Fed has followed a consistent policy of flooding the economy with easy money, leading to a misallocation of resources and an artificial ''boom'' followed by a recession or depression when the Fed-created bubble bursts.

With a stable currency, American exporters will no longer be held hostage to an erratic monetary policy. Stabilizing the currency will also give Americans new incentives to save as they will no longer have to fear inflation eroding their savings. Those members concerned about increasing America's exports or the low rate of savings should be enthusiastic supporters of this legislation.

Though the Federal Reserve policy harms the average American, it benefits those in a position to take advantage of the cycles in monetary policy. The main beneficiaries are those who receive access to artificially inflated money and/or credit before the inflationary effects of the policy impact the entire economy. Federal Reserve policies also benefit big spending politicians who use the inflated currency created by the Fed to hide the true costs of the welfare-warfare state. It is time for Congress to put the interests of the American people ahead of the special interests and their own appetite for big government.

Abolishing the Federal Reserve will allow Congress to reassert its constitutional authority over monetary policy. The United States Constitution grants to Congress the authority to coin money and regulate the value of the currency. The Constitution does not give Congress the authority to delegate control over monetary policy to a central bank. Furthermore, the Constitution certainly does not empower the federal government to erode the American standard of living via an inflationary monetary policy.

In fact, Congress' constitutional mandate regarding monetary policy should only permit currency backed by stable commodities such as silver and gold to be used as legal tender. Therefore, abolishing the Federal Reserve and returning to a constitutional system will enable America to return to the type of monetary system envisioned by our nation's founders: one where the value of money is consistent because it is tied to a commodity such as gold. Such a monetary system is the basis of a true free-market economy.

In conclusion, Mr. Speaker, I urge my colleagues to stand up for working Americans by putting an end to the manipulation of the money supply which erodes Americans' standard of living, enlarges big government, and enriches well-connected elites, by cosponsoring my legislation to abolish the Federal Reserve.

[From USA Daily, May 6, 2003]

THE GREATEST THEFT IN HISTORY

(By Murray Sabrin)

If you have a savings account, your bank probably credits it with interest every month. At the end of the month, you expect the bank to pay you the amount of interest it was obligated to pay you—no more no less. In other words, you would not expect the bank to change the interest it was going to pay you unless your account explicitly allows the bank to readjust the interest rate at its discretion.

We know the interest rate paid on short-term ''risk free'' deposits are based on the ''real rate'' plus an inflation premium. Historically, the real rate—the rental price of money—is the annual rate that borrowers and lenders agree on is typically 2–3 percent. So if you borrow $100 for a year, you would expect to pay the lender about $103 at the end of one year.

However, if price inflation is expected to be 3% for the year the loan is outstanding, the lender wants to protect his principal from the decline in the dollar's purchasing power. So, the interest rate on the loan would thus not be just 2% (assuming this is the real rate), but 2% plus an inflation premium of 3%, for a total of 5%.

Currently the annual inflation rate is about 2.5%. Thus, the risk free rate (the real rate-2%—plus the inflation premium) on savings deposits and money market funds should be about 4.5%. For Americans who seek the safety of savings accounts and money market funds for their hard-earned money, the current average yield of 0.7% on money market funds is well below the current risk free rate. In addition, savers who own short-term U.S. Treasury debt are receiving slightly more than 1.1 % annually.

What's going on? How can savers be receiving about 3.5% less than the risk free rate on their money market accounts and savings accounts?

The answer is simple: The Federal Reserve, the government created institution that was founded to ''stabilize'' the value of the dollar and ''smooth'' ''out the business cycle'', which has the legal authority to create money out of thin air, is nothing more than the greatest manipulator of interest rates in the history of the world.

The FED pumps money into the banking system if it wants to lower interest rates in order ''to stimulate'' the economy, and conversely will take money out of the banking